

FEHB Program Carrier Letter

Experience-rated Carriers

U.S. Office of Personnel Management
Office of Insurance Programs

Letter No. 2002-13

Date: April 12, 2002

Fee-for-service [12] Experience-rated HMO [12] Community-rated HMO [n/a]

SUBJECT: 2003 Rate Instructions for Experience-Rated Plans

Enclosed is the program ExpQ2002 which contains the VISUAL BASIC questionnaire, one and two year questionnaires and Table 3 that combined with your documented cost of benefit changes will constitute your rate proposal for participation in the FEHBP for 2003. There have been modifications to the program since last year and you must install and use this new version for your submission. You must fully document all estimates with respect to assumptions and actuarial methodology. Your submission is due by **May 31, 2002**.

The following table illustrates what you must submit.

	New Experience Rated Plans 1 st -Year participation in 2003	Plans in 2 nd -Year of participation in 2003	All Others (3 or more years participation in 2003)
VISUAL BASIC Questionnaire			X
One Year Questionnaire Real Text File(RTF)	X		
Two Years Questionnaire (RTF)		X	
Documented Cost of Benefit Changes		X	X
Summary Statement of 12/31/2001 Accounting Statement			X
Table 3 (RTF)		X	X

Plans for whom 2003 is the third year, the fourth year, or the fifth year or more of participation should use the VISUAL BASIC Questionnaire. Plans should select the appropriate year of participation under tools/options.

HMO's must complete Table 3 and include it with the submission and resubmit Table 3 with additional May data as soon as it is available but no later than June 20. If you provide some services through capitation, enclose separate schedules covering 2001 as well as the four and five month periods for 2002 in which claims are broken out by capitated services, non-capitated services, and total services.

Fee-for-Service plans may omit Table 3 but must confirm that the submission of monthly incurred claims is current.

The one year questionnaire, two year questionnaire, and Table 3 are accessed under help.

If your plan has two options, rate each option as a separate plan and submit separate documentation for each option.

You should set your proposed rates so that the sum of the ending special reserve balance plus the ending contingency reserve balance moves toward the reserve goal of two months of total outgo. If you project that your rates will not achieve the reserve goal as of December 31, 2003, please explain why your proposed rates are more reasonable than rates which would achieve the 2-month goal.

Include in your submission: your proposal; the summary statement to your December 31, 2001, accounting statement; documented cost of benefit changes; the questionnaire; and appropriate tables. Sent one copy to:

ACTUARY@OPM.GOV or
Office of Personnel Management
Ms. Nancy H. Kichak
Director, Office of Actuaries
1900 E Street, NW., Room 4307
Washington, DC 20415

Send the VISUAL BASIC portion of your submission by enclosing the data file and report file created by the program. You may send the RTF portion of your submission in a WORD or EXCEL format.

If you are submitting a one year or two year questionnaire please send a duplicate copy to Insurance Programs. If you are submitting a Visual Basic questionnaire please send a duplicate copy of **only** Table 1 and Table 2 from the questionnaire to Insurance Programs. The address for Insurance Programs is:

Office of Personnel Management
Ms. Abby L. Block
Assistant Director for Insurance Programs
1900 E Street, NW., Room 3424
Washington, DC 20415

If you have any questions, please contact Ron Gresch, Bryant Cook or Jim Quayle at (202) 606-0722 (RVGresch@OPM.gov; BDCook@OPM.gov; JRQUAYLE@OPM.gov). We will send you a statement of your December 31, 2001, contingency reserve balance in the near future.

Sincerely,

A handwritten signature in black ink that reads "Abby L. Block". The signature is written in a cursive style with a long horizontal flourish at the end.

Abby L. Block
Assistant Director
for Insurance Programs

Enclosure